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**MAILED**  
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**OFFICE OF PETITIONS**

In re Patent of Karney et al.	:	
Patent No. 5,988,097	:	
Issue Date: November 23, 1999	:	Decision on Petition
Application No. 09/197,987	:	
Filing Date: November 23, 1998	:	
Attorney Docket No. 801134	:	

This is a decision on the petition under 37 C.F.R. § 1.378(b) filed December 23, 2011, which requests reinstatement of the patent.

The petition is **DISMISSED**.

**Facts**

The inventors of record are Steven Karney and Edward Frieling.

The patent issued November 23, 1999.

The patent expired because the 3.5 year maintenance fee was not timely paid. A decision reinstating the patent was mailed September 7, 2004.

The patent expired because the 7.5 year maintenance fee was not timely paid. A decision reinstating the patent was mailed November 28, 2007.

The 11.5 year maintenance fee could have been paid from November 23, 2010, to May 23, 2011, or with a surcharge from May 24, 2011, to November 23, 2011. The fee was not timely paid. As a result, the patent expired November 24, 2011.

Sherry Frieling, on behalf of SmartBoat, LLC ("Smartboat"), states the patent agent of record failed to notify SmartBoat when the 11.5 year maintenance fee became due.

### Applicable Law

A grantable petition under 37 C.F.R. § 1.378(b) must be accompanied by a showing to the satisfaction of the Director that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable.

In order for a party to show unavoidable delay, the party must show "reasonable care was taken to ensure that the maintenance fee would be promptly paid."<sup>1</sup> The level of "reasonable care" required to be shown is the same as the level of "care or diligence ... generally used and observed by prudent and careful men in relation to their most important business."<sup>2</sup> When determining if a period of delay has been shown to have been unavoidable, the Office will take "all the facts and circumstances into account" and will decide each petition "on a case-by-case basis."<sup>3</sup>

35 U.S.C. § 41(c)(1) states, with emphasis added, "The Director may accept the payment of any maintenance fee . . . after the six month grace period if the delay is *shown to the satisfaction of the Director* to have been unavoidable." Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

The Office and Congress have recognized the unavoidable standard can be very difficult to meet. During 1992, Congress considered the difficulty involved in reinstating a patent under the unavoidable. Congressional representatives described the unavoidable standard as inflexible, extremely hard to meet, too stringent and harsh.<sup>4</sup> Congress did NOT take steps to make the unavoidable standard more flexible, easier to meet, less stringent, or less harsh. Instead, Congress determined that it would allow patent owners the ability to reinstate a patent under an "unintentional" standard as long as the petition was filed within 24 months of the expiration of the patent. Congress chose to continue requiring proof of unavoidable delay for petitions filed after the 24 month time period.

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<sup>1</sup> 37 C.F.R. § 1.378(b).

<sup>2</sup> *In re Mattulath*, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912). *See also Ray v. Lehman*, 55 F.3d 606, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citations omitted) ("[I]n determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person.")

<sup>3</sup> *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

<sup>4</sup> "[The unavoidable] standard has been found to be extremely hard to meet. Some patent owners have lost their patent rights due to this inflexible standard." 138 CONG. REC. S16613, 16614 (September 30, 1992) (Rep. DeConcini) (emphasis added). "The unavoidable standard has proved to be too stringent in many cases." 138 CONG. REC. H1115 (October 3, 1992) (Rep. Hughes) (emphasis added). "The unavoidable standard is too stringent. Some patent owners have lost their patent rights due to circumstances that do not warrant this harsh result, but that could not be considered 'unavoidable' under current law." 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum) (emphasis added).

### Analysis

#### Smartboat, LLC ("Smartboat") has not Proven Smartboat is the Owner of the Patent.

Assignment records indicate the four trustees of the Edward Frieling Revocable Trust assigned the trust's rights in the patent to themselves, and then assigned their rights to Smartboat on November 6, 2010. However, assignment records do not establish the Edward Frieling Revocable Trust ever owned any rights to the patent. As a result, the inventors are presumed to be the owners of the patent.

#### The Petition Fails to Address the Conduct of the Inventors.

Since the inventors are presumed to be the owners of the patent, a grantable petition under 37 C.F.R. § 1.378(b) must address the conduct of the inventors. The petition fails to address the conduct of either inventor. Therefore, the petition cannot be granted.

Any request for reconsideration must address the conduct of the inventors or prove Smartboat owns all rights in the patent.

#### The Petition Fails to Prove Smartboat's Reliance on the Agent of Record was Reasonable.

Even if the record established Smartboat owns all rights in the patent, the petition could not be granted.

Smartboat appears to be asserting it relied on Alvin Blum, the agent of record, to notify Smartboat when the 11.5 year maintenance fee became due.

Smartboat fails to establish Smartboat ever hired Blum to notify Smartboat when the fee became due. In fact, Smartboat has failed to prove it has ever been one of Blum's clients. Therefore, the record fails to prove Smartboat's reliance on Blum to notify Smartboat when the 11.5 year maintenance fee became due was consistent with the level of care normally used by reasonable and prudent individuals when handling their most important business.

#### The Petition Fails to Fully Address Blum's Conduct.

*Even if* the record established Smartboat owns the patent, and established Smartboat's reliance on Blum was warranted, the petition could not be granted.

When the owner of a patent relies on a third-party to take certain steps or actions to ensure maintenance fees are timely paid for a patent, the owner "may obtain reinstatement only upon a showing that the third-party's failure to pay the maintenance fees was 'unavoidable.'"<sup>5</sup> The petition does not prove Blum's failure to notify Smartboat when the 11.5 year maintenance fee became due was unavoidable.

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<sup>5</sup> *Burandt v. Dudas*, 496 F. Supp. 2d 643, 652 (E.D. Va. 2007) (quoting *California Med. Prods., Inc., Tecnol Ved. Prods., Inc.*, 921 F. Supp. 1219, 1259 (D. Del. 1995)).

### The Address of Record

There is no indication that the person signing the instant petition was ever given a power of attorney or authorization of agent. If the person signing the instant petition desires to receive future correspondence regarding this application, the appropriate power of attorney or authorization of agent must be submitted. While a courtesy copy of this decision is being mailed to the person who signed the instant petition, all future correspondence will be directed solely to the address currently of record until such time as appropriate instructions are received to the contrary.

### Petitioner's Current Options

#### I. Petitioner may file a request for reconsideration.

Any request for reconsideration must be submitted within **TWO (2) MONTHS** from the mail date of this decision and include a non-refundable petition fee of \$400. Extensions of time under 37 C.F.R. § 1.136(a) are NOT permitted. The reconsideration request should include a cover letter entitled "Renewed Petition under 37 C.F.R. § 1.378(b)." This is **not** a final agency action within the meaning of 5 U.S.C. § 704.

The Office notes Petitioner submitted \$310 more than necessary (\$3,375 instead of \$3,065) when filing the petition. If a request for reconsideration is filed, Petitioner may request the excess \$310 be applied towards the \$400 fee and submit \$90 for the remainder of the fee.

After a decision on the petition for reconsideration is issued, no further reconsideration or review of the matter will be undertaken by the Director. Therefore, it is extremely important that petitioner supply **any** and **all** relevant information and documentation with his request for reconsideration. The Commissioner's decision will be based solely on the administrative record in existence. Petitioner should remember that it is not enough that the delay was unavoidable; petitioner must **prove** that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable. Therefore, if a request for reconsideration is filed, it must establish that the entire delay in the submission of the maintenance fee was unavoidable.

#### II. Petitioner may wish to file a petition under 37 C.F.R. § 1.378(c).

Petitioner may wish to consider filing a petition to reinstate the patent based on unintentional expiration under 37 C.F.R. § 1.378(c). A copy of a PDF-fillable form which may be used when filing the petition can be found at <http://www.uspto.gov/web/forms/sb0066.pdf>.

The surcharge for a petition under 37 C.F.R. § 1.378(c) is \$1,640. Therefore, if a petition under 37 C.F.R. § 1.378(c) is filed, it must be accompanied by a payment of \$630 (\$1,640 reduced by \$700 and reduced by \$310 overpayment).

III. Petitioner may request a refund of the funds which accompanied the petition.

Since the petition is dismissed, petitioner may request a refund of the \$3,375 filed December 23, 2011. Petitioner is reminded that if a request for reconsideration is later filed along with the \$400 fee, the \$400 will not be refunded. A request for a refund should be sent to: Mail Stop 16, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450. A copy of this decision should accompany any request for refund.

Further correspondence with respect to this matter may be submitted as follows:

By Internet: A request for reconsideration may be filed electronically using EFS Web.<sup>6</sup>  
Document Code "PET.OP" should be used if the request is filed electronically.

By mail: Mail Stop Petition  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

By facsimile: (571) 273-8300  
Attn: Office of Petitions

By hand: U.S. Patent and Trademark Office  
Customer Service Window  
Randolph Building  
401 Dulany Street  
Alexandria, VA 22314

Telephone inquiries regarding this communication should be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Charles Steven Brantley  
Senior Petitions Attorney  
Office of Petitions

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<sup>6</sup> General Information concerning EFS Web can be found at <http://www.uspto.gov/patents/process/file/efs/index.jsp>.